



HEALTH CARE EXPENDITURES IN NEW HAMPSHIRE

Fact Sheet – December 2000

Health Care Spending

The Health Care Financing Administration (HCFA) recently released information on state-level health care expenditures in the United States from 1980 through 1998.¹ According to their estimates, New Hampshire ranked 41st in total dollars spent on health care in 1998. In contrast, New Hampshire exhibited the 13th highest level of health care spending when measured on a per resident basis.²

New Hampshire spent \$4.7 billion on personal health care in 1998, accounting for less than ten percent of the \$61.4 billion spent in New England and less than half of one percent of the roughly \$1 trillion spent in the US. (See Figure 1.) Total health care expenditures in New Hampshire amounted to \$3,931 for every resident, \$643 below per capita spending in New England, but \$171 above per capita spending in the US. New Hampshire's health care sector accounted for 11% of the state's Gross State Product (GSP), one percentage point below the regional and national shares of aggregated GSP.

Figure 1

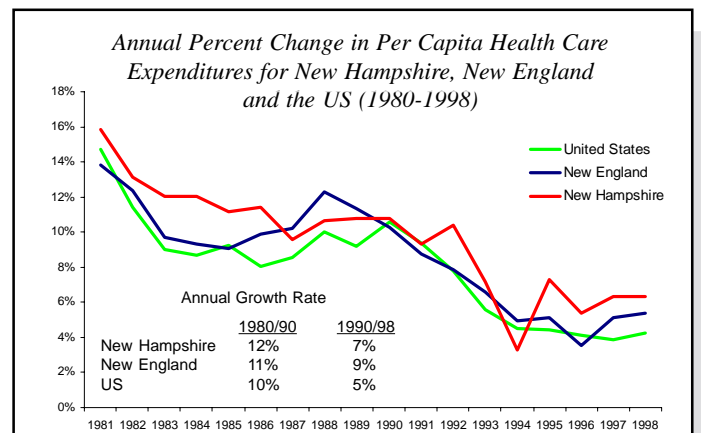
<i>Health Care Expenditures for New Hampshire, New England and the US (1998)</i>			
	New Hampshire	New England	United States
Total Spending (in billions)	\$4.7	\$61.4	\$1,016.4
Per Resident Spending	\$3,931	\$4,574	\$3,760
Share of Gross State Product	11%	12%	12%

Trends in Health Care Spending

Over the past two decades, total health care spending in New Hampshire grew at a faster rate than in either the region or the country as a whole. Total health care expenditures in New Hampshire grew on average by 14% annually during the 1980s, compared to 12% in New England and 11% in the US. While the growth rate slowed considerably throughout the country after 1992, it has remained positive in New Hampshire and generally above both national and regional averages.

Even after accounting for shifts in population, New Hampshire's health care spending growth remains above regional and national averages. During the 1980s, per capita health care spending grew by an annual average rate of 12% in New Hampshire, compared with 11% in New England and 10% in the US. (See Figure 2.) The average annual increase in per capita spending fell five percentage points in all three areas during the 1990s, to 7% in New Hampshire, 6% in New England and 5% in the US.

Figure 2



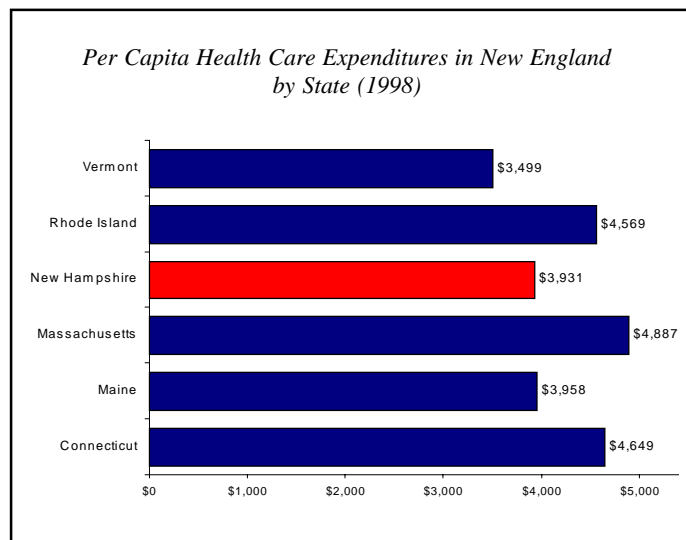
¹ US Health Care Financing Administration, Office of the Actuary, National Health Statistics Group: *1980-1998 State Health Care Expenditures*, <http://www.hcfa.gov/stats/nhe-oact/stateestimates/>.

² Because the accounts are based on in-state industry revenues rather than personal expenditures, per resident spending amounts will be overstated for states with a net inflow of patients and understated for states with a net outflow of patients. Previous research shows that New Hampshire is a net exporter of health care spending, equivalent to \$24 per resident in 1991 or 1% of health care revenues. See Basu, Joy: "Border-Crossing Adjustment and Personal Health Care Spending by State," *HCFA Review*, Vol. 18, No. 1, 1996.

Regional Comparisons

In 1998, New Hampshire had the second lowest per resident health care spending level of all six states in New England. (See Figure 3.) New Hampshire spent \$432 more than Vermont on health care goods and services on a per resident basis and only \$27 less than Maine, but considerably less than the three southern New England states.

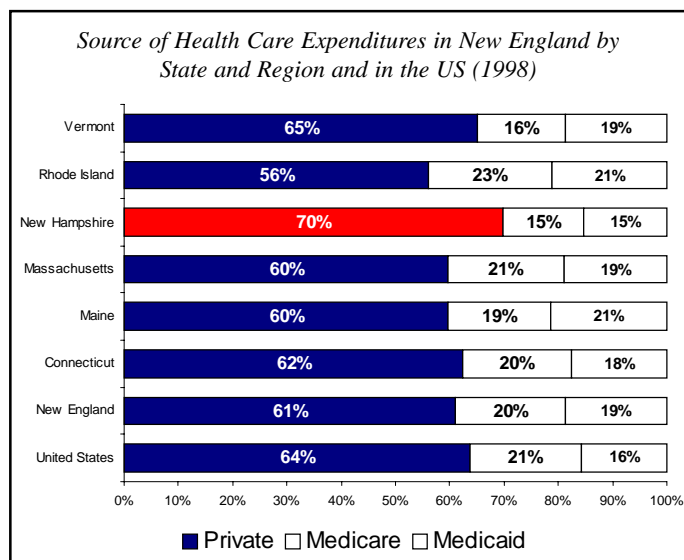
Figure 3



Sources of Health Care Spending

A greater share of New Hampshire's health care dollars comes from private sources than any other state in New England. (See Figure 4.) It is also above the national average. Conversely, New Hampshire exhibits the lowest proportion of government-financed health care spending in the region. Seventy cents out of every dollar spent on health care in New Hampshire in 1998 came from private insurance or out-of-pocket expenditures, compared with 60¢ in Maine and 65¢ in Vermont. The regional and national figures were 61¢ and 64¢, respectively.

Figure 4



The remaining health expenditures in New Hampshire were split evenly between Medicare (for the elderly and disabled) and Medicaid (for the poor). An estimated 15¢ of every health care dollar spent in the state in 1998 came from Medicare and 15¢ from Medicaid. Nationally, Medicare and Medicaid accounted for 21¢ and 16¢ of every dollar spent on health care, respectively.

Future Trends

Total health care expenditures in the US are expected to accelerate over the next few years, driven largely by private insurance spending, with an offsetting slowdown in Medicare expenditures.³ Given New Hampshire's heavy reliance on employer-based insurance, offer and purchase of employer insurance will play an increasingly vital role in determining access to care in the state over the next few years as Medicare and Medicaid face continued pressures to limit spending growth.

Prepared by: Boyd Gilman, Ph.D., Senior Economist, Center for Health Economics Research

³ Smith, S., et al.: "National Health Projection Through 2008," *Health Care Financing Review*, Vol. 21, No. 2, 1999.